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Public Service Commission of Wisconsin
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September 22, 2008

Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707

**Re: Investigation on the Commission's Own Motion
Regarding Innovative Ratemaking Approaches that
Promote Conservation and Efficiency Programs by
Removing Disincentives that may Exist Under Current
Ratemaking Policies**

Docket 05-UI-114

Dear Ms. Paske:

In response to the September 2, 2008, correspondence from Mr. Tom Ferris, Northern States Power Company, a Wisconsin corporation ("NSPW") submits the following comments to Staff's Briefing Memorandum.

These comments are submitted late due to an inadvertent oversight resulting in NSPW's receipt of this correspondence on September 18, 2008. However, because NSPW received this late, we have the advantage of being able to review and consider other's comments on the memorandum, which allows NSPW to be brief.

NSPW commends staff for an accurate and unbiased presentation of the facts and positions of the parties in this docket. NSPW has one clarifying comment to question 5 of the original 18 questions. NSPW agrees with We Energies' comment that additional text is needed, on the 3rd paragraph of page 17, to avoid confusion it should read: "WPSC, NSPW, and the JPI answer, no; that other factors should also be considered. WP&L, WEPCO, MGE and the ICG answer, yes; only the effects of additional energy efficiency spending should be considered."

The following are NSPW's responses to the PSCW follow-up questions 19-24:

Question 19. Depending on what type of mechanism is proposed by a utility, what type of information should be filed to support the proposed mechanism?

NSPW response: As the question implies, the type of information is dependant on the type of decoupling mechanism. Specifically, elements 1, 2, 8, and 9 of Appendix C to the Briefing Memorandum, should be included in whatever mechanism is proposed. Elements 3 and 7 are not relevant in Wisconsin's regulatory model. Elements 4 and 5 depend on the type of decoupling mechanism and other decisions made in this docket.

Question 20. What criteria should the Commission consider in evaluating any decoupling proposal?

NSPW response: NSPW finds the criterion presented in Appendix D of the Briefing Memorandum acceptable.

Question 21. Are hearings required every time bills go up to recover lost sales?

NSPW response: NSPW agrees with MGE's September 15 comments on this question. NSPW would add, however, that for a narrowly focused "sales loss" type mechanism, deferral accounting (much like the current conservation spending escrow) for inclusion in the next rate case may be considered as an alternative.

Question 22. How frequently should decoupling adjustments be made?

NSPW response: NSPW agrees with MGE's September 15 comments on this question. It depends on the specific decoupling mechanism proposed.

Question 23. At least at the beginning, should an initial decoupling program be done as a pilot program? For what time period?

NSPW response: NSPW believes this depends on the specific decoupling mechanism proposed and the preference of the party proposing it. However, if a decoupling mechanism is proposed as a pilot program it should last for a minimum 2 year period to coincide with the Wisconsin biennial rate case process. This also allows the Commission at least one opportunity for review prior to making the program a standard tariff option.

Question 24. How often should an approved decoupling plan be reviewed?

NSPW response: Again, NSPW believes this will depend on the specific decoupling mechanism proposed.

NSPW thanks the Commission for the opportunity to comment in this docket. If you have any questions regarding this filing please call me at (715) 838-4012 or via email at karl.j.hoesly@xcelenergy.com.

Sincerely,

/s/ Karl Hoesly

Karl Hoesly
Manager, Regulatory Affairs